

ACA, SCA2, SCA 7 & AB 427

REGIONAL COUNCIL ATTACHMENT #4.2.1

Thursday, May 1, 2003

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REPORT

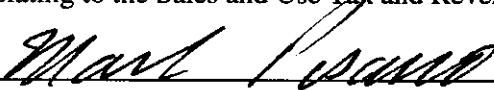
DATE: May 1, 2003

TO: Members of the Regional Council

FROM: Charlotte Eckelbecker, Government Affairs Analyst
Phone: (213) 236-1811 E-Mail: eckelbec@scag.ca.gov

SUBJECT: ACA 7 (Dutra), SCA 2 (Torlakson), SCA 7 (Murray) and AB 427 (Longville)
Transportation Legislation Relating to the Sales and Use Tax and Revenue Funds

EXECUTIVE DIRECTOR'S APPROVAL



RECOMMENDED ACTION: Approve the Transportation and Communications Committee's recommendations to support ACA 7 (Dutra), SCA 7 (Murray) and AB 427 (Longville) and to support SCA 2 (Torlakson) if amended.

SUMMARY:

At the April 2003 meeting of the Transportation and Communications Committee, Government Affairs staff presented ACA 7 (Dutra), SCA 2 (Torlakson), SCA 7 (Murray) and AB 427 (Longville) with support recommendations. After a thorough debate, the TCC voted to support ACA 7, AB 427, and SCA 7. The committee voted to support SCA 2 if amended. These bills and constitutional amendments address the transportation funding shortfall by facilitating the passage or the duration of local transportation sales taxes or by discouraging the borrowing of transportation funds.

BACKGROUND:

ACA 7, introduced by Assembly Member John Dutra (D-Fremont), authorizes a local or regional transportation agency to impose a sales and use tax exclusively for transportation purposes if the tax is approved by 55% of voters. Currently, the voter threshold is 2/3.

AB 427, introduced by Assembly Member John Longville (D-Rialto), addresses the 2/3-voter threshold not by lowering it as do ACA 7 or SCA 2, which is discussed below, but by eliminating the 20-year limit on the duration of the local transportation sales tax. Instead, the bill provides that the tax remains in effect for the specified period of time approved by the voters.

SCA 7, introduced by Senator Kevin Murray (D-Los Angeles), requires the repayment with interest of motor vehicle fuel and vehicle-related revenues or trust funds, when loaned to the General Fund, if loan is not repaid within the same fiscal year or by a date no later than 30 days after the next year's budget bill is passed. Currently, the Constitution permits a loan of these funds without repayment so long as 1) the Governor has proclaimed a state of emergency that will result in a significant negative impact to the General Fund, or 2) the aggregate amount of the General Fund revenues for the current fiscal year is less than the aggregate amount of the General Fund revenues for the previous year, as adjusted for population and inflation.

The TCC voted to support ACA 7, AB 427, and SCA 7. However, the committee voted to support SCA 2, introduced by Senator Tom Torlakson (D-Antioch), only if amended. SCA 2 lowers the voter threshold from 2/3 to a majority of voters if the tax is imposed exclusively to fund transportation projects and services and smart growth planning. SCA 2's stated intent is "to ensure that California will be able to meet its current and future transportation and land use planning needs and thereby preserve and enhance the prosperity and daily activities of all Californians...." 25 percent of the tax revenues must be used for

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smart growth planning. The committee supported SCA 2's reduction of the voter threshold, but objected to the 25% diversion of revenues for smart growth planning.

SUPPORT:

The following agencies support ACA 7:

- The League of California Cities
- The California State Association of Counties, while not having taken a formal position on ACA 7, "strongly support[s] the reduction in the voting threshold from the current two-thirds for the imposition of sales tax for transportation purposes."

The following agencies support AB 427:

- The League of California Cities
- San Bernardino Council of Governments
- Self Help Counties Coalition
- Alameda County Transportation Improvement Authority
- CA Conference Board of the Amalgamated Transit Union
- CA Conference of Machinists
- CA Teamsters' Public Affairs Council

The following agencies support of SCA 7:

- League of California Cities
- Self Help Counties Coalition
- California State Automobile Association
- Automobile Club of Southern California

The following agencies support SCA 2:

- Orange County Transportation Authority
- Automobile Club of Southern California
- California State Auto Association
- The League of California Cities and CSAC support SCA 2's reduction of the voting threshold.

OPPOSE:

The following agencies oppose ACA 7:

- No information is available at this time.

The following agencies oppose AB 427:

- No information is available at this time.

The following agencies oppose SCA 7:

- No information is available at this time.

The following agencies oppose SCA 2:

- Transportation California
- Howard Jarvis Taxpayers Association
- While supportive of "many smart growth concepts and approaches," the League of Cities and CSAC oppose the provision diverting 25 percent of revenues for smart growth planning, saying countywide agencies should determine the levels of diversion.

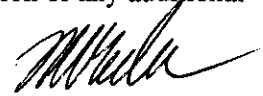
BILL STATUS:

ACA 7 will be heard in the Assembly Committee on Transportation on April 21st. AB 427 was approved by the Assembly Committee on Local Government and has been re-referred to the Committee on

Transportation. SCA 7 was approved by the Senate Committee on Transportation and was re-referred to the Committee on Constitutional Amendments. SCA 2 is on Third Reading in the Senate.

FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 02/03 budget and adopted 2003 SCAG Legislative Program and does not require the allocation of any additional financial resources.



Transportation Legislation May 2003 RC
C. Eckelbecker, 4/16/03
Doc#84301

AMENDED IN ASSEMBLY MARCH 19, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

Assembly Constitutional Amendment

No. 7

Introduced by Assembly ~~Member~~ Members Dutra and Wolk
(Principal coauthor: Assembly Member Wolk)
(Coauthors: Assembly Members Diaz and Mullin)

January 14, 2003

Assembly Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Article XIX C thereto, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 7, as amended, Dutra. Transportation funding: sales and use tax.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property. Existing statutory provisions and provisions in the California Constitution either impose or authorize the imposition of state or local sales and use taxes upon the gross receipts from the sale within the taxing jurisdiction of, or the storage, use, or other consumption in this jurisdiction of, tangible personal property.

This measure would authorize a ~~county, a city and county,~~ local transportation agency and a regional transportation agency, as defined, notwithstanding any other provision of the California Constitution, to

impose an additional sales and use tax for a period of 20 to 30 years, as specified, at a rate of 0.5% exclusively for transportation purposes within the jurisdiction of the ~~county, city and county,~~ *local* or regional transportation agency if the additional tax is approved by 55% of the voters of the jurisdiction voting on the proposition to impose the tax.

This measure would require the revenues derived from these taxes to be deposited in the Local Transportation Infrastructure Account, which would be created in the State Transportation Fund. The measure would require the State Board of Equalization to collect and administer the tax revenue. The measure would require moneys in the account that were collected in each ~~county, city and county,~~ *local* or regional transportation agency, less administrative costs and refunds, to be allocated by the State Board of Equalization to the ~~county, city and county,~~ *local* or regional transportation agency imposing the tax, and to be used for specified transportation purposes.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring, That the*
2 *Legislature of the State of California at its 2003–04 Regular*
3 *Session commencing on the second day of December 2002,*
4 *two-thirds of the membership of each house concurring, hereby*
5 *proposes to the people of the State of California that the*
6 *Constitution of the State be amended by adding Article XIX C*
7 *thereto, to read:*

8
9 ARTICLE XIX C

10
11 TRANSPORTATION IMPROVEMENT AND
12 MAINTENANCE ACT
13
14

15 SECTION 1. (a) Notwithstanding Section 4 of Article XIII A,
16 Section 2 of Article XIII C, or any other provision of this
17 Constitution, for the exclusive purpose of funding local and
18 regional transportation planning, research, design, construction,
19 operation, maintenance, and rehabilitation, and environmental
20 mitigation related to the impacts of transportation projects, a
21 ~~county, a city and county,~~ *local transportation agency* or a
22 regional transportation agency may, with the approval of 55

1 percent of the voters of the jurisdiction voting on the proposition,
2 impose the following sales and use tax within its jurisdiction:

3 (1) For the privilege of selling tangible personal property at
4 retail, a sales tax upon all retailers at the rate of one-half of 1
5 percent of the gross receipts of any retailer from the sale of all
6 tangible personal property sold at retail in this state.

7 (2) An excise tax upon the storage, use, or other consumption
8 in this state of tangible personal property purchased from any
9 retailer for storage, use, or other consumption in this state at the
10 rate of one-half of 1 percent of the sales price of the property.

11 (b) (1) If a transactions and use tax of limited duration,
12 *authorized to be imposed by the local or regional transportation*
13 *agency for transportation purposes*~~or general purposes~~, *has not*
14 *been imposed and is not in effect in the jurisdiction of a county, a*
15 *city and county, or a local or regional transportation agency on the*
16 *date that a tax described in subdivision (a) is approved by 55*
17 *percent of the voters of the jurisdiction voting on the proposition*
18 *to impose the tax, the tax described in subdivision (a) is imposed*
19 *for a period of 20 years commencing with the first calendar quarter*
20 *that commences more than 90 days after the effective date of the*
21 *approval of the tax by the voters.*

22 (2) If a transactions and use tax of limited duration, imposed for
23 *transportation purposes*~~or for general purposes~~ *by the local or*
24 *regional transportation agency*, is in effect in the jurisdiction of a
25 *county, a city and county, or a local or regional transportation*
26 *agency on the date that a tax described in subdivision (a) is*
27 *approved by 55 percent of the voters of the jurisdiction voting on*
28 *the proposition to impose the tax, the tax described in subdivision*
29 *(a) is imposed for a period of not more than 30 years commencing*
30 *with the first day upon which the transactions and use tax then in*
31 *effect is repealed or otherwise becomes inoperative.*

32 (3) (A) Except as otherwise provided in paragraphs (1) and
33 (2), the tax described in subdivision (a) shall be imposed in a
34 *county, a city and county, or a local or regional transportation*
35 *agency in addition to any other state or local sales and use tax or*
36 *transactions and use tax imposed in that jurisdiction in accordance*
37 *with law.*

38 (B) For purposes of this article, a transactions and use tax
39 imposed for transportation purposes *in accordance with this*
40 *article* does not include any portion of a local sales and use tax that

1 is imposed pursuant to the Bradley-Burns Uniform Local Sales
2 and Use Tax Law (Part 1.5 (commencing with Section 7200) of
3 Division 2 of the Revenue and Taxation Code), or its successor.

4 (4) The tax described in subdivision (a) shall be administered
5 in the same manner as the tax imposed pursuant to the Sales and
6 Use Tax Law (Part 1 (commencing with Section 6001) of Division
7 2 of the Revenue and Taxation Code), or its successor, and shall be
8 subject to any exemption from taxation set forth in that law.

9 (c) For purposes of this section, "regional transportation
10 agency" means all of the following:

11 (1) The Metropolitan Transportation Commission created by
12 Section 66502 of the Government Code, as that statute read on
13 January 1, 2002.

14 (2) The Los Angeles County Metropolitan Transportation
15 Authority, or any successor to that authority.

16 (3) The Orange County Transportation Authority.

17 (4) Any ~~local or regional~~ transportation entity designated or
18 authorized by statute as a regional transportation agency.

19 (d) For purposes of this section, "local transportation agency"
20 means both of the following:

21 (1) (A) *The local public entity designated within a county or a*
22 *city and county, or authorized by statute, whose function is to*
23 *administer, deliver, or implement a voter-approved transportation*
24 *sales tax for transportation projects and programs within the*
25 *boundaries of a county or a city and county, or its successor.*

26 (B) *If an entity meeting the criteria of subparagraph (A) does*
27 *not exist, the designated congestion management agency within a*
28 *county or a city and county, or its successor, or the county*
29 *transportation commission, or its successor.*

30 (2) *A local council of governments with the authority to*
31 *administer or deliver a county transportation expenditure plan, or*
32 *its successor.*

33 (e) The tax described in subdivision (a) shall be collected and
34 administered by the State Board of Equalization, or its successor
35 agency. The revenues derived from that tax shall be deposited in
36 the Local Transportation Infrastructure Account, which is hereby
37 created in the State Transportation Fund. The State Board of
38 Equalization shall allocate the moneys in that account no less
39 frequently than on a quarterly basis as follows:

1 (1) To the State Board of Equalization for its costs of collection
2 and administration.

3 (2) For the payment of refunds of amounts of tax improperly
4 collected pursuant to this section.

5 (3) The balance to each ~~county, city and county,~~ *local* or
6 regional transportation agency of the remaining amount of those
7 tax revenues that were collected with respect to a sale, use, storage,
8 or other consumption of tangible personal property that occurred
9 in the jurisdiction of the ~~county, city and county,~~ *local* or regional
10 transportation agency imposing the tax.

11 ~~(e)~~

12 (f) All revenues received by a ~~county, a city and county, or a~~
13 *local or* regional transportation agency pursuant to this section
14 shall be expended exclusively for local and regional transportation
15 planning, research, design, construction, operation, maintenance,
16 and rehabilitation, and for environmental mitigation related to the
17 impacts of transportation projects.

18 ~~(f)~~

19 (g) Revenues derived from the tax imposed pursuant to
20 subdivisions (a) and (b) are not General Fund proceeds of taxes
21 within the meaning of Article XVI.

22 ~~(g)~~

23 (h) Allocations made from the Local Transportation
24 Infrastructure Account, and the expenditure by a ~~county, a city and~~
25 ~~county, or a~~ *local or* regional transportation agency of revenues
26 received from that account, are not “appropriations subject to
27 limitation” within the meaning of Article XIII B.

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ASSEMBLY BILL

No. 427

Introduced by Assembly Member Longville

February 14, 2003

An act to amend Section 180201 of the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 427, as introduced, Longville. Local transportation sales taxes.

The Local Transportation Authority and Improvement Act generally authorizes a county board of supervisors to create or otherwise designate a transportation authority in the county that may impose a transportation sales tax for not more than 20 years if the tax ordinance is adopted by a $\frac{2}{3}$ vote of the authority and if the ordinance is subsequently approved by a majority of the voters. Existing law also authorizes approval of transportation sales taxes for specific jurisdictions in a similar manner. However, the California Supreme Court has held that a transportation sales tax measure is a special tax that requires approval by a $\frac{2}{3}$ majority of the voters pursuant to Proposition 62 of 1986.

This bill would delete the 20-year limit on the duration of a local transportation sales tax under the general provisions described above and would instead provide that the tax shall remain in effect for the period of time specified in the tax ordinance that is adopted by the authority and approved by the voters.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 180201 of the Public Utilities Code is
2 amended to read:

3 180201. A retail transactions and use tax ordinance applicable
4 in the incorporated and unincorporated territory of a county may
5 be imposed by the authority in accordance with this chapter and
6 Part 1.6 (commencing with Section 7251) of Division 2 of the
7 Revenue and Taxation Code, if the tax ordinance is adopted by a
8 two-thirds vote of the authority and imposition of the tax is
9 subsequently approved by a majority of the electors voting on the
10 measure at a special election called for that purpose by the board
11 of supervisors, at the request of the authority, and a county
12 transportation expenditure plan is adopted pursuant to Section
13 180206.

14 A retail transactions and use tax approved by the electors shall
15 remain in effect for ~~not longer than 20 years, or any lesser~~ *the*
16 period of time specified in the tax ordinance. The tax may be
17 continued in effect, or reimposed, by a tax ordinance adopted by
18 a two-thirds vote of the authority and the reimposition of the tax
19 is approved by a majority of the electors.

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Introduced by Senator MurrayFebruary 19, 2003

Senate Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 6 of Article XIX thereof, and by amending Section 1 of Article XIX A thereof, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 7, as introduced, Murray. Loans of transportation revenues and funds.

The California Constitution restricts the expenditure of certain motor vehicle fuel and vehicle-related revenues to specified transportation purposes, but authorizes these revenues to be loaned to the General Fund under certain conditions. The California Constitution further provides that the trust funds in the Public Transportation Account in the State Transportation Fund may be loaned to the General Fund under certain conditions.

This measure would require any loan of these motor vehicle fuel and vehicle-related revenues or trust funds that is not repaid within the same fiscal year in which the loan was made, or by a date not more than 30 days after the enactment date of the budget bill for the subsequent fiscal year, to be repaid with interest at a specified rate. The measure would provide that a loan of these funds may also be made to other state funds or accounts under the conditions applicable to loans to the General Fund.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring,* That the
2 Legislature of the State of California at its 2003–04 Regular
3 Session commencing on the second day of December 2002,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First—That Section 6 of Article XIX is amended to read:

8 SEC. 6. The tax revenues designated under this article may
9 be loaned to the General Fund *or any other state fund or account*
10 only if one of the following conditions is imposed:

11 (a) That any amount loaned is to be repaid in full to the fund
12 from which it was borrowed during the same fiscal year in which
13 the loan was made, except that repayment may be delayed until a
14 date not more than 30 days after the date of enactment of the budget
15 bill for the subsequent fiscal year.

16 (b) That any amount loaned is to be repaid in full, *with interest*
17 *at the rate paid on money in the Pooled Money Investment*
18 *Account, or any successor to that account, during the period of*
19 *time that the money is loaned,* to the fund from which it was
20 borrowed within three fiscal years from the date on which the loan
21 was made and one of the following has occurred:

22 (1) The Governor has proclaimed a state of emergency and
23 declares that the emergency will result in a significant negative
24 fiscal impact to the General Fund.

25 (2) The aggregate amount of General Fund revenues for the
26 current fiscal year, as projected by the Governor in a report to the
27 Legislature in May of the current fiscal year, is less than the
28 aggregate amount of General Fund revenues for the previous fiscal
29 year, adjusted for the change in the cost of living and the change
30 in population, as specified in the budget submitted by the
31 Governor pursuant to Section 12 of Article IV in the current fiscal
32 year.

33 (c) Nothing in this section prohibits the Legislature from
34 authorizing, by statute, loans to local transportation agencies,
35 cities, counties, or cities and counties, from funds that are subject
36 to this article, for the purposes authorized under this article. Any
37 loan authorized as described by this subdivision shall be repaid *in*
38 *full,* with interest at the rate paid on money in the Pooled Money
39 Investment Account, or any successor to that account, during the
40 period of time that the money is loaned, to the fund from which it

1 was borrowed, not later than four years after the date on which the
2 loan was made.

3 Second—That Section 1 of Article XIX A is amended to read:

4 SECTION 1. The funds in the Public Transportation
5 Account in the State Transportation Fund, or any successor to that
6 account, may be loaned to the General Fund *or any other state fund*
7 *or account* only if one of the following conditions is imposed:

8 (a) That any amount loaned is to be repaid in full to the account
9 during the same fiscal year in which the loan was made, except that
10 repayment may be delayed until a date not more than 30 days after
11 the date of enactment of the budget bill for the subsequent fiscal
12 year.

13 (b) That any amount loaned is to be repaid in full, *with interest*
14 *at the rate paid on money in the Pooled Money Investment*
15 *Account, or any successor to that account, during the period of*
16 *time that the money is loaned*, to the account within three fiscal
17 years from the date on which the loan was made and one of the
18 following has occurred:

19 (1) The Governor has proclaimed a state of emergency and
20 declares that the emergency will result in a significant negative
21 fiscal impact to the General Fund.

22 (2) The aggregate amount of General Fund revenues for the
23 current fiscal year, as projected by the Governor in a report to the
24 Legislature in May of the current fiscal year, is less than the
25 aggregate amount of General Fund revenues for the previous fiscal
26 year, as specified in the budget submitted by the Governor
27 pursuant to Section 12 of Article IV in the current fiscal year.

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AMENDED IN SENATE FEBRUARY 20, 2003

Senate Constitutional Amendment

No. 2

Introduced by Senator Torlakson

December 2, 2002

Senate Constitutional Amendment No. 2—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 16 to Article XI thereof, by amending Section 4 of Article XIII A thereof, by amending Section 2 of Article XIII C thereof, and by amending Section 3 of Article XIII D thereof, relating to local development.

LEGISLATIVE COUNSEL'S DIGEST

SCA 2, as amended, Torlakson. Local government: sales taxes: transportation and smart growth planning.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property.

This measure would authorize ~~a city, a county, a city and county, a~~ *local transportation authority*, or a regional transportation agency, as defined, with the approval of a majority of its voters voting on the proposition, to impose a special tax for the privilege of selling tangible personal property at retail that it is otherwise authorized to impose, if the tax is imposed exclusively to fund transportation projects and services and smart growth planning, as defined.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

1 WHEREAS, Adequate transportation infrastructure and
2 services are critical to California's prosperity as well as the travel,
3 business, and recreational needs of all Californians; and

4 WHEREAS, California's continued growth will increase the
5 strain on the state's transportation infrastructure, which is already
6 overburdened and inadequately funded to meet current and future
7 needs; and

8 WHEREAS, The California Transportation Commission
9 reported in 1999, pursuant to Senate Resolution 8, that California
10 faces more than \$110 billion in unmet transportation infrastructure
11 needs; and

12 WHEREAS, California's inadequate transportation system has
13 worsened traffic congestion, increased commute times, slowed
14 delivery of goods and services, and increased costs for businesses;
15 and

16 WHEREAS, Eighteen counties in California representing over
17 80 percent of the population have enacted local countywide
18 transportation sales tax measures by a majority vote to fund
19 critically needed highway and public transit needs, the funding
20 from which represents about one-half of all new capital invested
21 in new facilities in the past decade in our state; and

22 WHEREAS, Counties have clearly demonstrated their ability to
23 manage and spend these funds efficiently and effectively to
24 operate and maintain public transit, build high-priority
25 transportation projects, rehabilitate and improve the local street
26 and road network, and accomplish other goals for improving the
27 transportation system; and

28 WHEREAS, In order to ensure that California will be able to
29 meet its current and future transportation and land use planning
30 needs and thereby preserve and enhance the prosperity and daily
31 activities of all Californians, it is necessary to place before the
32 voters this measure to provide the opportunity for voters to choose
33 for themselves the creation of an additional funding source that is
34 dedicated exclusively to the funding of California's local
35 transportation requirements, is administered by ~~cities, counties~~
36 *counties, cities and counties, local transportation authorities*, and
37 regional transportation agencies, and is directly responsive to local
38 transportation needs; and

39 WHEREAS, To prepare for and manage the pressures, related
40 to transportation issues, of continued growth in California, local,

1 regional, and state government authorities have developed “smart
2 growth” policies to better connect housing opportunities with
3 employment centers, reduce commute times, discourage urban
4 sprawl, encourage infill development, and achieve other goals that
5 increase the quality of life for all Californians; and

6 WHEREAS, More than 300 California organizations have
7 called upon California officials to follow smart growth principles
8 in addressing California’s future growth and development,
9 including all of the following:

10 (a) Planning for the future by making government more
11 responsive, effective, and accountable through reforming the
12 system of land use planning and public finance.

13 (b) Promoting prosperous and livable communities by making
14 existing communities vital and healthy places for all residents to
15 live, work, obtain an education, and raise a family.

16 (c) Providing better housing and transportation opportunities
17 by developing efficient transportation alternatives and a range of
18 housing choices affordable to all residents without jeopardizing
19 farmland, open space, and wildlife habitat.

20 (d) Conserving green space and the natural environment by
21 focusing new development in areas planned for growth, while
22 protecting air and water quality and providing green space for
23 recreation, water recharge, and wildlife.

24 (e) Protecting California’s agricultural and forest lands by
25 shielding California’s farm, range, and forest lands from sprawl
26 and the pressure to convert farmland to development; now,
27 therefore, be it

28 *Resolved by the Senate, the Assembly concurring,* That the
29 Legislature of the State of California at its 2003–04 Regular
30 Session commencing on the second day of December 2002,
31 two-thirds of the membership of each house concurring, hereby
32 proposes to the people of the State of California that the
33 Constitution of the State be amended as follows:

34 First—That Section 16 is added to Article XI thereof, to read:

35 SEC. 16. (a) A ~~city,~~ a county, a city and county, a *local*
36 *transportation authority*, or a regional transportation agency may,
37 with the approval of a majority of those voters of the jurisdiction
38 voting on the proposition, impose a special tax upon the privilege
39 of selling tangible personal property at retail within that
40 jurisdiction, if both of the following conditions are met:

1 (1) The tax is imposed exclusively for the purpose of funding
2 transportation projects and services and related smart growth
3 planning.

4 (2) The ~~city, county, city and county, or the~~ *local transportation*
5 *authority, or* regional transportation agency is otherwise
6 authorized by law to impose a new tax in the form of a special tax
7 upon the privilege of selling one or more classes of tangible
8 personal property at retail within its jurisdiction.

9 (b) At least 25 percent of the revenues derived from any tax
10 imposed pursuant to subdivision (a) shall be used for the purpose
11 of funding smart growth planning.

12 (c) For purposes of this section:

13 (1) *"Local transportation authority" means an authority*
14 *designated pursuant to Division 19 (commencing with Section*
15 *180000) of the Public Utilities Code.*

16 (2) "Regional transportation agency" means all of the
17 following:

18 (A) The Metropolitan Transportation Commission created by
19 Section 66502 of the Government Code, as that statute read on
20 January 1, 2002.

21 (B) The Los Angeles County Metropolitan Transportation
22 Authority, or any successor to that authority.

23 (C) The Orange County Transportation Authority.

24 (D) Any local or regional transportation entity that is
25 designated by statute as a regional transportation agency.

26 ~~(2)~~

27 (3) "Funding of transportation projects and services" includes
28 the servicing of indebtedness issued for the purpose of funding
29 those transportation projects and services.

30 ~~(3)~~

31 (4) "Smart growth planning" means land use planning
32 programs that conserve open space, reduce air pollution, and
33 provide housing in close proximity to population and employment
34 centers.

35 Second—That Section 4 of Article XIII A thereof is amended
36 to read:

37 ~~Section 4.~~

38 *Sec. 4.* Except as provided by Section 16 of Article XI, a city,
39 county, or special district, by a two-thirds vote of its voters voting
40 on the proposition, may impose a special tax within that city,

1 county, or special district, except an ad valorem tax on real
2 property or a transactions tax or sales tax on the sale of real
3 property within that city, county, or special district.

4 Third—That Section 2 of Article XIII C thereof is amended to
5 read:

6 SEC. 2. Notwithstanding any other provision of this
7 Constitution:

8 (a) Any tax imposed by any local government is either a
9 general tax or a special tax. A special purpose district or agency,
10 including a school district, has no authority to levy a general tax.

11 (b) No local government may impose, extend, or increase any
12 general tax unless and until that tax is submitted to the electorate
13 and approved by a majority vote. A general tax is not deemed to
14 have been increased if it is imposed at a rate not higher than the
15 maximum rate so approved. The election required by this
16 subdivision shall be consolidated with a regularly scheduled
17 general election for members of the governing body of the local
18 government, except in cases of emergency declared by a
19 unanimous vote of the governing body.

20 (c) Any general tax imposed, extended, or increased, without
21 voter approval, by any local government on or after January 1,
22 1995, and prior to the effective date of this article, may continue
23 to be imposed only if that general tax is approved by a majority
24 vote of the voters voting in an election on the issue of the
25 imposition, which election shall be held no later than November
26 6, 1996, and in compliance with subdivision (b).

27 (d) Except as provided by Section 16 of Article XI, a local
28 government may not impose, extend, or increase any special tax
29 unless and until that tax is submitted to the electorate and approved
30 by a two-thirds vote. A special tax is not deemed to have been
31 increased if it is imposed at a rate not higher than the maximum rate
32 so approved.

33 Fourth—That Section 3 of Article XIII D thereof is amended to
34 read:

35 SEC. 3. (a) An agency may not assess a tax, assessment, fee,
36 or charge upon any parcel of property or upon any person as an
37 incident of property ownership except:

38 (1) The ad valorem property tax imposed pursuant to Article
39 XIII and Article XIII A.

1 (2) Any special tax receiving a two-thirds vote pursuant to
2 Section 4 of Article XIII A or Section 2 of Article XIII C, or, as
3 applicable, a majority vote pursuant to Section 16 of Article XI.

4 (3) Assessments as provided by this article.

5 (4) Fees or charges for property related services as provided by
6 this article.

7 (b) For purposes of this article, fees for the provision of
8 electrical or gas service are not deemed charges or fees imposed
9 as an incident of property ownership.